

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 493

A bill to amend 1956 PA 218, entitled  
"The insurance code of 1956,"  
by amending section 1242 (MCL 500.1242).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1242. (1) The commissioner shall refuse to grant a  
2 license to act as ~~an agent,~~ a solicitor, an insurance  
3 counselor, or an adjuster to an applicant who fails to meet the  
4 requirements of this chapter. Notice of the refusal shall be in  
5 writing and shall set forth the basis for the refusal. If the  
6 applicant submits a written request within 30 days after mailing  
7 of the notice of refusal, the commissioner shall promptly conduct  
8 a hearing in which the applicant shall be given an opportunity to  
9 show compliance with the requirements of this chapter.

10       (2) The commissioner, after notice and opportunity for a  
11 hearing, may suspend or revoke the license of ~~an agent,~~ A

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1 solicitor, insurance counselor, or adjuster who fails to maintain  
2 the standards required for initial licensing or who violates any  
3 provision of this act.

4 (3) After notice and opportunity for a hearing, the commis-  
5 sioner may refuse to grant or renew a license to act as ~~an~~  
6 ~~agent,~~ A solicitor, adjuster, or insurance counselor if he OR  
7 SHE determines by a preponderance of the evidence, that it is  
8 probable that the business or primary occupation of the applicant  
9 will give rise to coercion, indirect rebating of commissions, or  
10 other practices in the sale of insurance ~~which~~ THAT are prohib-  
11 ited by law.

12 (4) Without prior hearing, the commissioner may order sum-  
13 mary suspension of a license if he OR SHE finds that protection  
14 of the public requires emergency action and incorporates this  
15 finding in his OR HER order. The suspension shall be effective  
16 on the date specified in the order or upon service of a certified  
17 copy of the order on the licensee, whichever is later. If  
18 requested, the commissioner shall conduct a hearing on the sus-  
19 pension within a reasonable time but not later than 20 days after  
20 the effective date of the summary suspension unless the person  
21 whose license is suspended requests a later date. At the hear-  
22 ing, the commissioner shall determine if the suspension should be  
23 continued or if the suspension should be withdrawn, and, if  
24 proper notice is given, may determine if the license should be  
25 revoked. The commissioner shall announce his OR HER decision  
26 within 30 days after conclusion of the hearing. The suspension  
27 shall continue until the decision is announced.

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1 (5) The commissioner, or his OR HER designated deputy, may  
2 issue subpoenas ~~with the approval of a circuit court judge of~~  
3 ~~the circuit court of Ingham county~~ to require the attendance and  
4 testimony of witnesses and the production of documents necessary  
5 to the conduct of the hearing and may designate an ~~employee of~~  
6 ~~the insurance bureau~~ OFFICE OF FINANCIAL AND INSURANCE SERVICES  
7 EMPLOYEE to make service. ~~thereof.~~ The subpoenas issued by the  
8 commissioner, or his OR HER designated deputy, may be enforced  
9 upon ~~application by them~~ PETITION to the circuit court of  
10 Ingham county ~~by proceedings in contempt thereof~~ TO SHOW CAUSE  
11 WHY A CONTEMPT ORDER SHOULD NOT BE ISSUED, as provided by law.